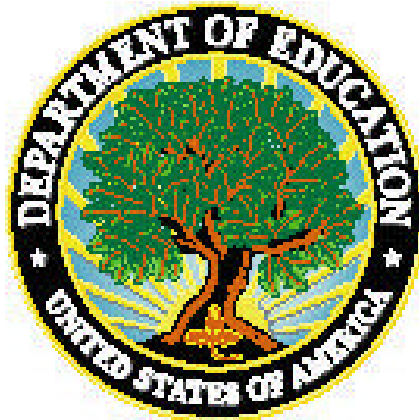


# **SFA Modernization Partner Project INTERIM LEGACY CONTRACT TRANSITION PLAN**

Direct Loan Origination and Consolidation System (DLO)



## **Part 2 Product and Services Release Plan Initiatives Effecting DLO**

Andersen Consulting, as the Modernization Partner, has identified 23 initiatives that they recommend SFA execute over the next 2-3 years. Of these 23 initiatives the following have been identified as those effecting DLO.

### **Common Aid Origination and Funds Disbursement**

Description: Modify or simplify existing Loan Origination processes. Provide ability to originate and disburse all types of financial aid through a single delivery system. Reengineer the existing Title IV origination and disbursement systems into a common delivery process. Provide ability to originate, disburse and report changes for Pell Grants and Direct Loans (through a common record with common standards and enhanced interfaces between the department, institutions and financial partners). Reengineer the Origination and Disbursement processes for Pell and Direct Loans into a common process

#### Benefits/Outcome:

- Reduce time required to process a financial transaction (e.g., lender transactions).
- Lower unit cost for processing financial transactions.
- Lower unit cost to originate and disburse a Pell grant and direct loan.
- Simplify the process for reporting Pell grant and direct loan disbursements
- Provide a single reporting vehicle for Pell grants, campus-based funds, and direct loans.
- Eliminate need for duplicate reporting by schools.
- Lower costs for schools to administer student aid programs.
- Provide just-in-time (JIT) funding for schools.
- Reduce cycle time by eliminating hand-offs and redundant reconciliations.

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#### Business Objectives:

To design a more efficient and state-of-the-art loan origination sub-system. The current origination process for Direct Loans requires the use of EDEExpress, DL Origination System, Central Data Base System and the DL Servicing System. It appears likely that combining their various functions into a Web based product could reduce this string of systems. If DLSS is included in this design, the end product must include lender and GA support.

#### Timetable:

Requirements Analysis and Design is planned for January 2000 through June 2000. Management Decision Required to Continue is schedule for June 30, 2000. Development and Implementation of the system is scheduled for July 2000 through June 2002.

Effects on DLO:

Since DLO is a major interface with the DLSS and other SFA systems regarding loan servicing, this initiative will have a major impact on DLO.

**Enhanced Loan Consolidation**

Description: Improve loan consolidation through a reengineering effort with a goal of improving consolidation interfaces. Enhance lender process through implementing an electronic funds transfer process to purchase FFEL loans for Direct Loan consolidation. Incorporate electronic signatures/PINS into Web application process and interactive voice response unit (IVRU).

Benefits/Outcome:

- Provide improved customer satisfaction for borrowers:
  - Customer support
  - Financial counseling
  - Flexible payment options
  - Various repayment channels
- Lower unit costs for servicing loans and borrowers.
- Minimize the number of delinquencies.
- Provide single interface for all loans.
- Simplify the loan consolidation application and process.
- Lower unit cost to consolidate loans.
- Reduce time to consolidate loans.

Business Objectives:

To design a more efficient and state of the art loan servicing and consolidation system, which can take advantage of new technologies and economies of scale.

Timetable:

Requirements Analysis and Design is planned for May 2000 through August 2000. Management Decision Required to Continue is schedule for August 31, 2000. Development and Implementation of the system is scheduled for September 2000 through December 2001.

Effects on DLO:

A major revision of the system or a replacement of the system will be the end result of this initiative. The architecture of the underlying data will need to support a Data Warehouse and a Middleware/Messaging layer. Heavy modifications to or replacement of the consolidation portion of the DOL system are a likely consequence.

### **Web Portals for Schools**

#### **Description:**

This Initiative contains two project. The first, Conversion/Migration deals with developing a prototype and Version 1.0 of IFAP that has links to SFATech and SFADownload. The second project, Common Origination and Disbursement, will create a common business process for aid origination and disbursement. It involves testing middleware and an initial pilot program.

#### **Benefits/Outcome :**

- Eliminate duplicate reporting
- Lower unit costs originate and disburse Pell grants and direct loans
- Lower costs for schools to administer student aid programs

#### **Business Objectives:**

To improve efficiency and effectiveness of reporting, processing, and administering student aid programs and provide just-in-time funding for schools. To improve customer satisfaction, employee satisfaction, and reduce overall costs through this initiatives and its projects.

#### **Timetable:**

This initiative contains two projects (IFAP) conversion/migration and common origination and disbursement) that will begin development and implementation on the first one March 2000, with final implementation for both projects being completed Jun 2002.

#### **Affects on DLO:**

Because DLO is a client-server relational database system that is SFA's management information system concerning the entities which participate in the Title IV programs, the implementation of this initiative will have a major impact on DLO.

### **Financial Management Transformation - Financial Management System (FMS) - Phase III (Full Program Functionality)**

#### **Description:**

Integrate/interface with existing or reengineered production systems to create a fully functional financial management system to manage the flow of financial information across all SFA information systems, and analyze the financial impact of this conversion.

Benefits/Outcome :

- Maintain all Department of Education related financial data and related decision making criteria on a single FMS
- Improve the time to apply for aid
- Reduce costs through use of technology
- Improve employees access to accurate data for making decisions.

Business Objectives:

Provide better standard management tracking and reporting for the overall SFA program Allows preparation of financial statements, monthly reports, and independent reconciliations. Provide standard SFA general ledger with all programs included

Timetable:

Requirements Analysis and Design is planned for July 2000 through November 2000. Management Decision Required to Continue is schedule for November 30, 2000. Development and Implementation of the system is scheduled for December 2000 through September 2001.

Effects on DLO:

Because DLO is a client-server relational database system that is SFA's management information system concerning the entities which participate in the Title IV programs, the implementation of this initiative will have a major impact on DLO.

**Cross Channel Enabling Technology/Infrastructure - Advanced Call Center Relationship Management**

Description:

This initiative is designed to improve customer satisfaction by proactively seeking customers' input, and "reaching out" to train and assist them with all SFA-related concerns. This initiative includes the consolidation of multiple call center capabilities to provide "one-call-does-it-all" functionality for customers.

Benefits/Outcome :

- Single (800) number access
- Enhanced Customer Service
- Possibility of reduced costs associated with economies of scale
- Additional volume resulting from increased efficiency

Business Objectives:

To provide a single Customer Service point of contact for all SFA customers/borrowers.

Timetable:

Requirements Analysis and Design is planned for February 2000 through May 2000. Management Decision Required to Continue is schedule for May 31, 2000. Development and Implementation of the system is scheduled for June 2000 through June 2001.

Affects on DLO:

Since DLO operates a Customer Service Call Center it will be effected by the implementation of this initiative.

**Single Identifier PIN**

Description:

Design a uniform single identifying data element for each customer entity for each customer entity in SFA's system including students, schools and financial partners. Includes the use of PIN logic as a form of identification.

Benefits/Outcome :

- Enhanced customer service
- Enhanced reporting across all programs
- Provides a single point of interface for receiving student aid data and payment history for Federal loans

Business Objectives:

To develop a uniform means of identifying borrowers, schools and lenders across the various portfolios and systems sponsored by the Department of Education.

Timetable:

Requirements Analysis and Design is planned for October 2000 through January 2001. Management Decision Required to Continue is schedule for January 31, 2001. Development and Implementation of the system is scheduled for February 2001 through September 2001.

Effects on DLO:

The Single Identifier for Each Entity initiative will effect Enterprise Architecture for Integration and Data Warehousing. Since DLO is accessible via the web by the customers of SFA, it will surely be effected by this initiative.